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5 May 1955

MEMORANDUM FOR: Deputy Director (Plans)

SUBJECT: Project Administrative Plans--Substantive Reporting
on Subsidy Expenditures

REFERENCES: a. Memo to DD/P from C/WH, subj: Project Administrative
Plans, dated 10 March 1955 (DD/P [redacted])
b. Memo to DD/P from C/PP, subj: Project Administrative
Plans, dated 30 March 1955 (DD/P [redacted])
c. Tab A, Synopsis of Development of Administrative Plans

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1. The following quoted statement has been objected to by WH Division (Ref a). The PP Staff has concurred in the WH position, recommended its elimination from the Administrative Plan [redacted] and agrees with the adjudication of wording in future cases. Tab A presents an historical synopsis of the evolution of Administrative Plans which led to the inclusion of this wording.

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"based upon substantive reports of accomplishments and such other information as may be available and that continuing subsidization was warranted."

2. WH Division and PP Staff apparently feel that the basic certification and approval of the expenditure report is ample evidence of the exercise of command responsibility and that for an Administrative Plan to specify that such certification is based upon reports of a substantive type or quality is an impingement upon command prerogatives.

3. Although Administrative Plans are mutually developed instruments to assist in the operational as well as administrative management of a project, the DD/S has instructed the Project Administrative Planning Staff to include no requirement in Administrative Plans which pertains directly to the exercise of operational responsibility. PAPS has also been cautioned to insure that the wording of requirements in Administrative Plans is acceptable in its normal interpretation so that there will be no impingement upon DD/P command responsibilities.

4. This action by the DD/S immediately removed the reason for the objection of WH Division and the PP Staff. In addition, it has been indicated to me that the PP Staff, in its present effort toward revising the PP project planning system, is incorporating a reporting requirement that the appropriate operating level will submit a periodic statement of evaluation on each project. Proper reflection of this report might constitute more appropriate documentation of Agency Fiscal records than the system now in operation.

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5. It is important to note that paragraph 3.b. and c. of Reference A. indicates dissatisfaction with the existing mechanism for ascribing primary operational responsibility to case officers and approving officers by requiring them to certify and approve financial documents evidencing the proper expenditure of subsidy grants. As you know, the Director of Central Intelligence has indicated his desire that primary operational responsibility for any given activity be more precisely placed. As a corollary aspect of this, our financial procedures would also be adjusted since financial and operational responsibility are inseparable. Now with the revision of PP project procedures this would appear to be an ideal time to re-align the operational responsibility for subsidy projects, at least, with the evidencing of the exercise of such responsibility onto appropriate administrative documents.

6. The following are my recommendations:

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a. That paragraph (5) of the Administrative Plan for [] be revised as indicated in Reference b.

b. That my staff assist PAPS and PP Staff as required in order to insure the use of wording in future Administrative Plans which will be mutually satisfactory to administrative and operational personnel.

c. That PP Staff expedite the production of their revised project planning system.

d. That my staff draft the enabling support elements of the PP system in collaboration with the PP Staff.

e. That the DD/P require his Staffs to correct any existing ambiguities as to the placement of basic responsibility for operational activities. (The DD/S elements, particularly this Staff, will work closely with them in making any necessary adjustments in Agency financial procedures to correct any inconsistencies with the DD/P command concepts.)

[]
Special Support Assistant
to the
Deputy Director (Support)

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3 Encls. (see refs)

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